

IRS TAX TIP 2002-47

IRA CONTRIBUTIONS CAN BE MADE UNTIL TAX FILING DEADLINE

If you haven't put any money into an Individual Retirement Arrangement (IRA) for tax year 2001, or if you've put in less than the maximum allowed, you still have time, according to the IRS. You can contribute to either a traditional or Roth IRA until the April due date of your tax return.

If you make a contribution for the previous tax year, tell the IRA trustee which year the contribution is for. Otherwise, the trustee may report the contribution as being for the year in which it was received.

You may contribute up to \$2,000 of your earnings for 2001 to an IRA. You may fund a traditional IRA, a Roth IRA (if you qualify), or both, but your total contributions cannot be more than \$2,000. The annual limit will be \$3,000 for 2002 through 2004, with a limit of \$3,500 for persons age 50 or more.

You may be able to take a tax deduction for the amounts you put into a traditional IRA, depending on whether you — or your spouse, if filing jointly — is covered by an employer's pension plan and how much total income you have. You cannot deduct Roth IRA contributions, but the earnings on a Roth IRA may be tax-free if you meet the conditions for a qualified distribution.

You may file your tax return before you make the IRA contribution, but you must be sure to complete the contribution by the filing deadline. If you report a contribution to a traditional IRA on your return, but fail to make it by the deadline, you must file an amended tax return. If you claimed a deduction for an IRA contribution that you failed to make, you must add that amount back to your income on the amended return and pay tax accordingly.

IRS Publication 590 has detailed information on Individual Retirement Arrangements. To get a copy, check the "Forms and Publications Finder" section of the IRS web site at www.irs.gov. It's also available at local IRS offices or by phone at 1-800-TAX-FORM (1-800-829-3676).

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